



## RAILROAD COMMISSION OF TEXAS

### SURFACE MINING AND RECLAMATION DIVISION

April 3, 2006

Clyde Yancey, P.G., Senior Geologist  
Uranium Energy Corporation (UEC)  
9302 Mystic Oaks Trail  
Austin, Texas 78750

RE: Issuance of Uranium Exploration Permit No. 123  
Weesatche Project, Goliad County, Texas

Dear Mr. Yancey:

Uranium Exploration Permit No. 123 has been assigned to your application submitted by letter received on February 6, 2006. Please refer to Exploration Permit No. 123 in future correspondence regarding this permit. This permit will expire on February 6, 2007.

As stated in your application, your proposed permit area is shown on a map that contains topographic information. These delineations are satisfactory. Borehole drilling to a depth not exceeding 1,500 feet is the proposed exploration method. UEC does not indicate that it anticipates completing any borehole as a water or monitoring well. Borehole plugging and abandonment shall be required as follows:

A concrete surface plug must be placed at a depth from 3 to 13 feet below the ground surface (below root-plow depth). Downhole plugs, using cement-bentonite slurry (5-8% bentonite) shall be emplaced at a minimum of 50 feet above and below the water-bearing sands. Your annual affidavit must also include a cross section including representative logs used to determine plugging depths. In addition, inspectors may consult with the onsite geologist during field inspections to confirm proper plugging.

Pursuant to requirements at 16 TEXAS ADMIN. CODE §§11.136-11.138, each exploration hole drilled during the permit year that is not plugged immediately or is cased for use as a well (water, monitoring, or piezometer well) must be identified on a map submitted as a part of your annual affidavit required pursuant to 16 TEXAS ADMIN. CODE §11.139. Hole depth, completion information and measures taken to mark and protect each well must also be provided. Please note that the use of the cement-bentonite slurry is considered a cement plug and was not reviewed as an alternative plugging material under 16 Texas Admin. Code §11.138(4)(E). This exploration permit must be renewed annually until all wells are either: (1) properly plugged and abandoned; (2) transferred to the landowner with Commission approval; or (3) transferred to an active base permit issued by the Texas Commission on Environmental Quality, with the proper affidavits filed. We look forward to receipt of your affidavit for the 2005-2006 permit year.

Please contact our Austin Office at (512) 463-6901 prior to commencing drilling and plugging activities. Should you have any questions concerning this permit issuance, please contact David Koran of this office.

Sincerely,

A handwritten signature in dark ink that reads "Melvin B. Hodgkiss".

Melvin B. Hodgkiss, Director  
Surface Mining and Reclamation Division

MBH/DCK/fj  
File Reference No. 0603701



9302 Mystic Oaks Trail  
Austin, Texas 78750

January 19, 2006

Mr. Melvin B. Hodgkiss, Director  
Surface Mining and Reclamation Division  
Railroad Commission of Texas  
1701 North Congress  
Capitol Station, P.O. Box 12967  
Austin, Texas 78711-2967

Railroad Commission  
of Texas  
RECEIVED

FEB 06 2006

Surface Mining Division

**RE: Permit Application to Conduct Uranium Exploration Activities  
Weesatche Project, Goliad County, Texas**

Dear Mr. Hodgkiss:

Please find attached in triplicate, a Permit Application to Conduct Uranium Exploration Activities. This permit application is for our Weesatche Project located in Goliad County, Texas, and is being filed on behalf of Uranium Energy Corporation.

If you have any questions, please do not hesitate to call me at 505-281-2815 or Mr. Randall Reneau at 258-8969.

Sincerely,  
**URANIUM ENERGY CORPORATION**

Clyde L. Yancey, P.G.  
Senior Geologist  
Texas Professional Geoscientist, #129

Attachments (3)

EXPLORATION REGISTRATION  
NO. 123

FEB 06 2006

SMRD-3U (07/91)



Surface Mining Division  
**RAILROAD COMMISSION OF TEXAS**  
SURFACE MINING AND RECLAMATION DIVISION

1701 N. CONGRESS

CAPITOL STATION - P.O. BOX 12967

AUSTIN, TEXAS 78711-2967

**PERMIT APPLICATION TO CONDUCT URANIUM EXPLORATION ACTIVITIES**

All items should be addressed completely. File in triplicate with the Director of the Surface Mining and Reclamation Division.

I. Name of Applicant Clyde L. Yancey, P.G.

Mailing Address 9302 Mystic Oaks Trail  
(Street or P.O. Box)

<u>Austin</u>	<u>TX</u>	<u>78750</u>	<u>512-258-8969</u>
(City)	(State)	(Zip Code)	(Telephone)

II. Name of Operator Uranium Energy Corp

Mailing Address 9302 Mystic Oaks Trail  
(Street or P.O. Box)

<u>Austin</u>	<u>TX</u>	<u>78750</u>	<u>512-258-8969</u>
(City)	(State)	(Zip Code)	(Telephone)

- III. Required Information (Regulation 11.136-.137, Texas "Uranium Mining Regulations")
- A. Provide the geographic location, both description and maps, showing the boundaries of the area of exploration for which right-of-entry has been granted. Maps submitted (preferably at a scale of 1:24000) should show the topography and other geographic features. The name of the county(s) in which exploration activities are to occur should also be provided.
- See Attachment**
- B. Describe the method of exploration to be used (i.e., drill holes, pits or trenches, etc.), and the equipment used.
- See Attachment**
- C. Describe the extent of anticipated exploration, including the proposed depth of penetration and the estimated number of acres that will be disturbed by exploration activities.
- See Attachment**
- D. Indicate the approximate time period during which exploration activities will be performed. Permits are issued for a period of one (1) year, and are renewable by application to the Commission.

**See Attachment**

IV. Reclamation (Regulation 11.138, Texas "Uranium Mining Regulations")

- A. Identify plans for reclamation activities, including backfilling, grading, and revegetation methods to be used, and plans for disposal of any toxic or radioactive material.

**See Attachment**

- B. Describe plans necessary for the protection of surface and underground water in the exploration and adjacent affected areas.

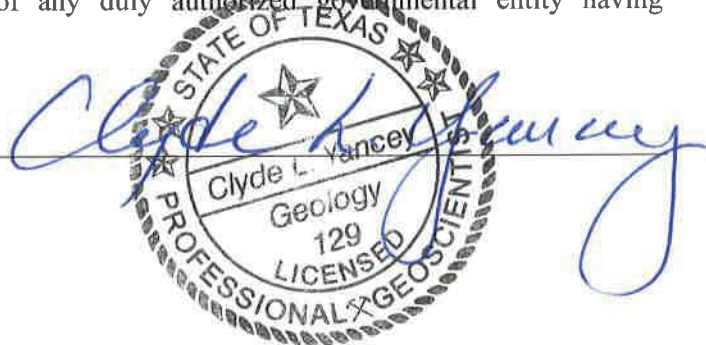
**See Attachment**

Note: Regulation 11.139 of the Texas Uranium Mining Regulations requires that the permittee submit a report to the Commission within six (6) months following the expiration date of each permit year, setting forth the location of each exploration hole drilled under the permit, and submit an affidavit attesting to the plugging and reclamation of each exploration hole drilled, unless that hole has been transferred to the landowner or other person for use as a water well. Evidence of transfer of such wells must also be submitted to the Commission.

I, (name) Clyde L. Yancey, P.G., (title) Senior Geologist state that I have knowledge of the facts herein set forth and that the same are true and correct to the best of my knowledge and belief. I further state that to the best of my knowledge and belief, the project for which application is made will not in any way violate any law, rule, ordinance, or decree of any duly authorized governmental entity having jurisdiction.

Date: January 24, 2006

Signature: \_\_\_\_\_





## ***Permit Application to Conduct Uranium Exploration Activities***

### **Uranium Energy Corporation Weesatche Project, Goliad County, Texas January 19, 2006**

#### **Section III**

Required Information (Regulation 11.136-.137, Texas "Uranium Mining Regulations")

- A. *Provide the geographic location, both description and maps, showing the boundaries of the area of exploration for which right-of-entry has been granted. Maps submitted (preferably at a scale of 1:24,000) should show the topography and other geographic features. The name of the county(s) in which exploration activities are to occur should also be provided.*

All lands to be permitted under this application request are located in northeastern Goliad County, Texas (see attached map). They approximately occur south of latitude N28°53'75" and north of latitude N28°48'25", east of longitude W97°21'54" and west of longitude W97°17'52". The specific boundaries of the permit request are highlighted on the attached topographic map. Uranium Energy Corporation (UEC) currently holds leases and is actively acquiring leases within the requested permit area.

- B. *Describe the method of exploration to be used (I.e., drill holes, pits or trenches, etc.), and the equipment used.*

All exploration activities will be undertaken by drilling, wire-line logging followed by test hole abandonment. Truck mounted, mud rotary drill rigs will be used.

- C. *Describe the extent of anticipated exploration, including the proposed depth of penetration and the estimated number of acres that will be disturbed by exploration activities.*

The average depth of penetration is 450 feet below ground surface, or through the base of the Pliocene Goliad Formation. It is conceivable that random, deeper tests may be drilled to test the underlying Miocene Fleming and Oakville units. The maximum depth of these tests would be 1,500 feet below ground surface.

Each test hole and associated mud pit will disturb approximately 2,500 square feet, or approximately 1/17<sup>th</sup> of an acre. It is anticipated that a total of 140 test holes will be drilled during the first year of this permit period. These tests will be drilled throughout the area shown on the attached map.

- D. *Indicate the approximate time period during which exploration activities will be performed. Permits are issued for a period of one (1) year, and are renewable by application to the Commission.*

Exploration activities should occur throughout the period of the requested permit. If desired by the Commission, UEC will contact a designated Commission contact prior to initiating field work.

#### Section IV

##### *Reclamation (Regulation 11.138, Texas "Uranium Mining Regulations")*

- A. *Identify plans for reclamation activities, including backfilling, grading, and revegetation methods to be used, and plans for disposal of any toxic or radioactive material.*

Each test well will have a mud pit. During the digging of the mud pit, top soil will be segregated from native soil and saved on site. Following drilling, the mud pit will be allowed to dry, back filled with native soil, followed by the top soil. The backfilled pits will be compacted to above grade to allow for settlement. It is anticipated that volunteer native vegetation will establish over the disturbed area. This is based on past experience in this same area. There will be no toxic material allowed on site, and it is anticipated that no radioactive material exceeding ambient levels will be encountered.

- B. *Describe plans necessary for the protection of surface and underground water in the exploration and adjacent affected areas.*

It is not anticipated that any surface waters will be threatened by UEC activities; however, if it becomes apparent that surface water could be threatened, engineered controls (such as earthen berms) will be evaluated and installed as necessary.

A ten-foot surface plug of concrete will be placed in each test hole, the top of which will be one and one-half foot below ground surface. Each hole will be marked in such a way that verification of the plug can be made by the Commission as required. If any water bearing sands are encountered below the Goliad Formation sands, these deeper Miocene sands will be sealed off with a cement-bentonite slurry to prohibit intermixing with fresh water Goliad sands.

